(d) whether the Insurance Regulatory and Development Authority (IRDA) guidelines does not insist that one should take an insurance policy for getting loan sanctioned from banks; and

(e) if not, how it would be ensured that the loanees, including farmers, are not mandated to take insurance policy for obtaining loan from banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (e) In terms of the Master Circular on para-banking activities (circular DBOD. No. FSD.BC.18/24.01.001/2009-10 dated July 1, 2009) issued by the Reserve Bank of India, banks have been advised as under:

(i) The bank should comply with IRDA regulations for acting as 'composite corporate agent' or referral arrangement with insurance companies.

(ii) The bank should not adopt any restrictive practice of forcing its customers to go in only for a particular insurance company in respect of assets financed by the bank. The customers should be allowed to exercise their own choice.

(iii) As the participation by a bank's customer in insurance products is purely on a voluntary basis, it should be stated in all publicity material distributed by the bank in a prominent way. There should be no 'linkage' either direct or indirect between the provision of banking services offered by the bank to its customers and use of the insurance products.

IRDA guidelines do not insist that any borrower requires to take an insurance policy for getting loans sanctioned from banks. However, as regards agricultural loans, the Rashtriya Krishi Bima Yojana (RKBY), {National Agriculture Insurance Scheme (NAIS)} is being implemented by the Agricultural Insurance Company of India Ltd. (AIC) on behalf of Ministry of Agriculture.

The objective of NAIS is to provide insurance coverage and financial support to farmers in the event of failure of crops as a result of natural calamities, pests and diseases and to encourage progressive farming practices, transformation of technology, etc. besides stabilizing the farm incomes of the farmers in the agriculturally bad years.

As per the National Agriculture Insurance Scheme, the Government at the beginning of the cultivation cycle/year issues a notification giving the name of districts and types of crops for coverage under NAIS. It is mandatory on part of the loanee farmer to have crop insurance for the district and crops types notified. However, Banks in order to protect the assets financed through loans, granted by it may impose a condition that those assets should be insured against perils, such as, Fire, Flood, Drought, etc.

Restructuring of NABARD

2024. DR. E.M. SUDARSANA NATCHIAPPAN:
SHRI GOVINDRAO WAMANRAO ADIK:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government has set up a study to look into the restructuring of National Bank for Agriculture and Rural Development (NABARD); and

(b) if so, what are the terms of reference for such a study?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) No, Sir. Government has not undertaken any specific study for restructuring of the National Bank for Agriculture and Rural Development (NABARD). However, the Board of Directors of NABARD, during its Meeting on 18 September 2008, has approved a proposal to undertake a strategic action plan 'Repositioning NABARD' for furthering the objectives mandated in the NABARD Act, 1981.

The Action Plan proposes to cover aspects, such as, articulating an aspirational vision for NABARD in 2020, preparing benchmarks to be achieved by 2012 and 2015 on various areas including Products and Services, Delivery Mechanisms, Structures and Processes, etc.

Pre-Budget Statement

2025. SHRI THOMAS SANGMA: Will the Minister of FINANCE be pleased to state:

(a) whether Government has started preparation work for the Budget 2010-11;

(b) if so, the details of the process of preparation of Budget proposal;

(c) whether Government is preparing the Pre-Budget Statement;

(d) if so, the details in this regard along with the details and date on which the Pre- Budget Statement is likely to be tabled in the Parliament; and

(e) if not, the reason for the non-circulation of the Pre-Budget Statement?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Yes Sir.

(b) Details of process of preparation of budget is given in the Statement (*See* below).

(c) to (e) Does not arise, as no document like 'Pre-Budget Statement' is prepared.

Statement

The Broad Process of Preparation of Budget

1. Issue of Budget Circular to all Ministries/Departments regarding framing of estimates of receipts and expenditure, time schedule, etc.
2. Pre-budget meetings taken by Secretary (Expenditure) with Financial Advisers.
3. Finalizing ceilings of expenditure.
4. Plan and Non-Plan RE for the current year and Non-Plan BE for the next year.
5. Communication of Gross Budgetary Support (GBS) for Plan BE of next year to Planning Commission.